- 2/15/91
- DRAFT OF PLAN FOR IMPLEMENTATION OF WER PRICE INCREASE
- Fr: Keith
- To: Kelly

x) Letter complaints about the price increase per se

- We haven't received ANY complaints yet about raising the price. Nor have we gotten any complaints from individuals who got a letter with one price and then saw a friend's notice with a different price.

PROPOSAL: Respond with personalized version of standard letter (see attached). _____ would be responsible for this.

x) Responses on the WELL

- No inquiries or comments yet. This is probably mostly because only about 10% of our subscribers have received a mailing announcing the price increase. When they see the announcement in the magazine, there will almost certainly be discussion

PROPOSAL: In the WER conference, we should post Kelly's "Minding Our Ps & Ls" piece from issue #70. We hsould be ready, as soon as anyone brings it up, to respond with an explanation of the price test (see below).

x) Phone responses

Susan
Kurt
PK
KT
KJ
cc staff

- There have been only a few of these thus far.

PROPOSAL: We should respond to these inquiries with our standard explanation of why we are making a price increase (see attached letter). If we end up with complaints about the price test, we would give them a different explanation (see below).

x) Foul-up on the test

- To the best of our knowledge at this point, approximately 94 people received all three versions of the price test. About 15 of them have complained thus far.

PROPOSAL: We separate them from the rest of the group (if possible) and send them an apology letter which explains what happened and offers them a chance to renew at the discounted "Early Renewal" price on the lowest of the three rates being tested ($21/yr for US subs). They would from then get subsequent renewal mailings at the $24/year rate, but would not become part of that pool for purposes of evaluating the price test. Some of these people have already renewed. Those individuals should get a letter explaining what happened and apologizing. Keep in mind that all the people in this renewal pool had already gotten an early/wrong renewal notice prior to what should have been their first effort (and before the first effort for the test).

x) Subscriber response to our running a price test

- The letters we have gotten from people who received triplicate mailings indicate that there WILL be some rebellion in response to the idea that we used our subscribers as guinea pigs to test for an ideal price. We have already decide that a price test is justified, so we just have to be sure that we respond to people's concerns and then explain it to our readers after the fact.

- The longer we extend a price test, the more complicated this all will get since it means NOT telling most of our subscribers what is up for even longer (see "What do we say in WER?", below).

PROPOSAL:

- Report on entire process in the magazine (when?)

- Have a letter (see attached letter #2) to send out to everyone who figures out we are doing a price test.

x) What do we say in WER?

- We let people know in #70 that we will be raising the renewal price of the magazine by "an as-yet-undeterminded amount. We need to decide what we say, and when, from here on out.

- First, here are descriptions of the upcoming issues and their relevant deadlines

1990 Fin Report

Overall fin context/decisions

Here's the plan...

* For #71 (editorial deadline mid-April, to subscribers in late May)
* For #72 (editorial deadline mid-July, to subscribers in late Aug.; includes 1st appearance of holiday offer)
* For #73 (editorial deadline mid-Oct., to subscribers in late Nov.; includes 2nd appearance of holiday offer)

- Bearing in mind what is said above about evaluating test results, I would recommend that we not say anything further about the price increase until we announce the new renewal price (and describe how we arrived at it) in either issue #73 (if we feel we can get away with waiting that long, or in #72. The factors which come into play in deciding how long we can wait are:

* Reader complaints and confusion
* Test results
* Cash flow implications of making switch-over to new price
* Decision on what our holiday offer will be (which would normally first appear in the Fall issue (#72)

x) Evaluating test results & deciding when we have enough information
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- We need to construct a model for projecting the effects of these possible changes as we begin to get in results. The first (very rough) results from effort 1 to Summer 91 expires should be available in early ~~February~~. March

- It will be important to project these results out over time (and it may be that building this model would be a good project to have a Stanford Business School summer intern work on).

- Refine test to 2 rates?

- If it turns out that price sensitivity is low, then implementing the increase earlier will increase revenues. The most extreme case for this would be:

  * Winter 91 pool: if $30 pulls as well as $24 & $27, then we would stand to increase revenues by 3,000 subs x 65% response rate x $3/each, for a total increase in revenue of nearly $6,000.

- If there is much higher resistance to the $27 and/or $30 prices, then going with one of the lower prices may enhance revenues.

x) Newsstand pricing?

- Once we decide on a new Renewal Price, then we need to decide on our newsstand cover price. This may be a problem since, for example, the $30 sub price would imply a minimum cover price of $7.50. This might be higher than we can get away with on the newsstand.

- A survey of other mags prices and feedback from our distributors on the hike from $5 to $6 would be key in making such a decision.

- One alternative to consider would be the Ms. magazine approach of knowingly charging subscribers more and just hoping that enough of them will understand.

x) New sub pricing

- We have decided on having a lower New Subscriber Price. But if we end up going with either the $27 or $30 Renewal Price, we may want to look at having a New Sub Price which is higher than $20.

x) Institutional price

- Needs to be re-looked at for 1992 relative to whatever price we end up establishing for individual subscriber renewals.

- Decision needed by _____ (July? August?)

x) Overall renewal series planning

- Need status report on this:

  * Are the letters revised?
  * What is the plan for establishing an entirely new series once we decide on the new Renewal Price?
  * Do we test the new series against a "re-priced" version of the old series?
  * At that point might we want to test a shortened renewal series?

x) Restructuring of Supporting Subscribers program

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